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MEMORANDUM

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TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

E A for EGJ

Arizona Corporation Commission

DOCKETED

DEC 27 2004

THRU: Wilfred Shand Jr.
Manager, Telecommunications & Energy Section
Utilities Division

MR for WS

DOCKETED BY	<i>W</i>
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Matthew Rowell
Chief, Telecommunications & Energy Section
Utilities Division

MR

DATE: December 27, 2004

AZ CORP COMMISSION
DOCUMENT CONTROL

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RE: ADDENDUM TO THE STAFF REPORT OF TELIGENT SERVICES, INC. NOTIFICATION OF A PROPOSED TRANSACTION WHEREBY TELIGENT SERVICES, INC. WILL TRANSFER ITS COMMERCIAL LONG DISTANCE CUSTOMER BASE AND ASSOCIATED CUSTOMER ACCOUNT INFORMATION TO STARTEC GLOBAL LICENSING COMPANY (DOCKET NOS. T-03761A-04-0710 AND T-03794A-04-0710)

On September 30, 2004, Teligent Services, Inc. ("Teligent") and Startec Global Licensing Company ("Startec") (collectively, "the Companies") filed with the Arizona Corporation Commission ("Commission"), a notification of a transfer of Teligent's commercial long distance customer base. On October 29, 2004, the Utilities Division Staff ("Staff") of the Commission filed a Staff Report recommending approval of the transfer of Teligent's long distance customer base and a waiver of Arizona Administrative Code ("AAC") R14-2-1904 and 1905.

On December 7, 2004, the Commission's Hearing Division ("Hearing") issued a Procedural Order which ordered Staff to submit an addendum to its Staff Report. In its addendum, Staff is to set forth its position regarding (1) the statutory authority or Commission rule, if any, pursuant to which Commission approval of the transfer of a customer base is required; (2) the extent to which AAC R14-2-1107 applies to the transfer of a customer base. To the extent that Staff concludes that AAC R14-2-1107 does not apply, it is to indicate its basis for so concluding, and to the extent that Staff concludes the ACC R14-2-1107 does apply, Staff is to indicate whether and why the provisions of that rule should be waived.

Staff believes that a customer group is not an asset as traditionally defined, and therefore its transfer does not require Commission approval as a transfer of assets. However, that does not negate the Commission's authority to monitor a telecommunications providers' compliance with Commission rules concerning Consumer Protections for Unauthorized Carrier Changes (i.e.,

slamming and cramming) and, where appropriate, take corrective action to ensure adequate consumer protection. Staff believes a waiver of AAC R14-2-1904 and 1905 is necessary to effectuate a transfer of customer base. In the matter at hand, Staff believes that adequate consumer protections have been taken in order for the Commission to approve the Companies' compliance with Article 19 of AAC Title 14, Chapter 2 and to justify a waiver of AAC R14-2-1904 and 1905.

Staff does not believe that the transfer of certain customers qualifies as a discontinuance of service or an abandonment of any portion of its service area. Therefore, Staff does not believe that AAC R14-2-1107 applies.

As previously stated in the original Staff Report, Staff continues to recommend approval of the transfer of commercial customer base from Teligent to Startec and a waiver of AAC R14-2-1904 and 1905.

Originator: Adam Lebrecht

Attachment: Original and Sixteen Copies

SERVICE LIST FOR: Teligent Services, Inc. and Startec Global Licensing Company
DOCKET NOS. T-03761A-04-0710 and T-03794A-04-0710

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